



Our first care is your health care

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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October 22, 2008

Mr. Tom Lescault
President
Scan Long Term Care
1313 East Osborn Road, Suite 150
Phoenix, AZ 85014

SUBJECT: Final Aged Pended Encounter Sanctions June 2008

Dear Mr. Lescault:

The attached information will apprise you of your final aged pended encounter sanctions for the quarter ending June 2008. According to our contract, Scan Long Term Care is required to resolve all pended encounters within 120 calendar days of the processing date. If this requirement is not met, the contract provides for sanctions specified in Attachment C of the ALTCS contract.

The exception to the above is when the pended encounter is due to an Arizona Health Care Cost Containment System (AHCCCS) error. AHCCCS error is defined as a pended encounter, which

- (1) AHCCCS acknowledges to be the result of its own error, and
- (2) Requires a change to the system programming, an update to the database reference table, or further research by AHCCCS. Contractors must notify AHCCCS, in writing, that the resolution of a pended encounter depends on AHCCCS instead of the Contractor. Pended encounters do not qualify as AHCCCS error if AHCCCS reviews the Contractor's notification and asks the Contractor to research the issue and provide additional substantiating documentation, or if AHCCCS disagrees with the Contractor's claims of AHCCCS error.

AHCCCS distributed preliminary sanction results, including a summary of encounters excluded from sanctions. Contractors were provided an opportunity to review the preliminary results, and to provide input to items believed to be sanctioned in error. Contractor input was considered in determining the final sanction amount. As we have reported in previous communications, we are developing a new pended encounter sanction system to automate the quarterly process of compiling aged pends, and accurately removing sanctions from those pends that are due to AHCCCS system issues. Since that is still a work-in-progress, we have elected to make the following adjustment to your sanctionable pended encounter summary.

- ◆ Error codes due to AHCCCS error were waived for quarter-ending June 2008.

Mr. Lescault
October 22, 2008

Please note that, even when sanctions are waived, you are liable for correcting all pended encounters unless the error is due to AHCCCS error. You will be notified when systems' corrections are made that will enable the pends (due to AHCCCS error) to automatically clear. At that time, all pends that are still unable to successfully adjudicate will begin anew with an internal 120 day clock for Health Plan correction. The true age for these pended encounters will still appear on your aging reports.

Due to Contractor system modifications for the National Provider Identifier and for AHCCCS' validator/translator implementation, AHCCCS will suspend the June 2008 final aged pended encounter sanctions. If it appears that aged pended encounters are not corrected timely, the June 2008 sanction may be levied retroactively.

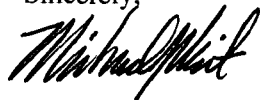
Enclosed is a summary of the final sanction results. For the quarter ending June 2008, had 2,877 pended encounters over 120 days old that are sanctionable. Please retrieve your pended encounter sanction information from AHCCCS' FTP server.

The path is 170.68.41.1\SCN\encounter\110097OUT and the file names are:

- Scan June 2008 Final Sanctions.txt
- Scan June 2008 Final Waived Enc.xls
- Scan June 2008 Final Error Summary.pdf
- Scan June 2008 Final Age Category.pdf

If you have any questions regarding your pended encounter sanctions, please contact Brent Ratterree at Brent.Ratterree@azahcccs.gov or (602) 417-4571.

Sincerely,



Michael Veit
Contracts and Purchasing Administrator
Division of Business and Finance
Mail Drop #5700

cc: Shelli Silver
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